

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-312-G - ORDER NO. 2007-675
SEPTEMBER 28, 2007

IN RE: Petition of Piedmont Natural Gas Company,) ORDER GRANTING
Inc. for Authority to Place Certain Defined) PETITION
Benefit Post-Retirement Obligations in a)
Deferred Account)

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the petition of Piedmont Natural Gas Company, Inc. (“Piedmont”) for authority to place certain defined benefit post-retirement obligations in a deferred account. According to the petition, the purpose of this request is to prevent current regulatory treatment for these costs from being altered due to Piedmont’s adoption of the Financial Accounting Standards Board’s Statement of Financial Accounting Standards (“SFAS”) No. 158, *Employers Accounting for Defined Benefit and Other Postretirement Plans*. For regulatory purposes, Piedmont recovers its actual ongoing level of postretirement defined benefit expense through rates set by the Commission in general rate proceedings and adjusted in proceedings under the South Carolina Rate Stabilization Act, S.C. Code Ann. § 58-5-400 (Supp. 2006).

As a result of the difference in methodology between the accounting for postretirement defined benefit plan expenses required by SFAS No. 158 and the mechanism utilized by the Commission for the recovery of these expenses, Piedmont states that it is faced with the requirement to record and report significant additional

liabilities on its financial statements with no offsetting assets, which results in material negative impact to these financial statements. In order to avoid this impact, Piedmont requests Commission approval to place all impacts to its financial statements caused by adoption and continued implementation of SFAS No. 158 in a regulatory deferred account. Piedmont expresses the view that the creation of the requested deferred account will not impact the total expense to be incurred with regard to its defined postretirement obligations nor will it prompt a change in the methodology for the recovery of these costs.

This Commission concurs with the Company's reasoning, and therefore holds that Piedmont's petition to place all impacts to its financial statements caused by the adoption and continued implementation of SFAS No. 158 in a regulatory deferred account is granted.

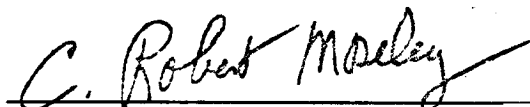
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman
(SEAL)